

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

July 31, 2000

IN RE:

**PETITION OF ARDMORE TELEPHONE
COMPANY, INC. FOR APPROVAL OF AN
INTRALATA TOLL DIALING PARITY PLAN**

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DOCKET NO. 99-00295

**ORDER APPROVING THE INTRALATA TOLL DIALING
PARITY IMPLEMENTATION PLAN**

This matter came before the Tennessee Regulatory Authority (the "Authority") on April 11, 2000, at a regularly scheduled Authority Conference, to consider the Petition of Ardmore Telephone Company, Inc. ("Ardmore") for approval of its IntraLATA Toll Dialing Parity Implementation Plan ("the Plan").

Section 251(b) of the Telecommunications Act of 1996 ("the Act") requires all Local Exchange Carriers to provide dialing parity.¹ Specifically, section 251(b)(3) of the Act states, "Dialing parity. - The duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays." The Act further provides in sections 251(f)(1) and (2) that rural telephone companies may file with the state commission for exemption, suspension or modification of the dialing parity requirements.

¹ Telecommunications Act of 1996, Pub. L. No. 104-104, (February 8, 1996), codified at 47 U.S.C. §§ 251 *et seq.*

The Federal Communications Commission ("FCC") initiated a rulemaking on dialing parity on April 19, 1996 and issued its findings on August 8, 1996. *See Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, 11 FCC Rcd. 19,392 (August 8, 1996) (Second Report and Order and Memorandum Opinion and Order). This Order sets forth the criteria and guidelines for the filing of a plan by all carriers. *See id.* Subsequent to this Order, the United States Court of Appeals for the Eighth Circuit vacated the FCC's rules, as they were applicable to intrastate services. *See Iowa Utils. Bd v. FCC*, 120 F.3d 753 (8th Cir. 1997). On January 25, 1999, the United States Supreme Court reversed certain portions of the Eighth Circuit's decision including that part of the decision which had stricken the FCC's rules pertaining to dialing parity. *See AT&T v. Iowa Utils. Bd.*, 525 U.S. 366, 119 S.Ct. 721 (1999).

The FCC's original date for implementation, February 8, 1999, was reinstated by the Supreme Court's decision of January 25, 1999. As a result of this reinstatement, the FCC released an Order on March 23, 1999 that set forth revised implementation dates for dialing parity. *See Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, 14 FCC Rcd. 5263 (March 23, 1999). This Order established April 22, 1999 as the new date by which all Local Exchange Carriers had to file an intraLATA toll dialing parity plan with State Commissions for approval. *See id.* ¶ 7. The plan must be implemented within thirty (30) days after approval from the State Commission. Additionally, the Order states that the plan must be filed with the Common Carrier Bureau of the FCC if the State Commission has not acted on the plan by June 22, 1999. *See id.*

Ardmore is an incumbent local exchange carrier that provides telecommunications services in Tennessee. Pursuant to 47 C.F.R. § 51.213, Ardmore is required to file a plan with

the Authority that provides for implementing intraLATA toll dialing parity in all exchanges served.² This plan must allow customers to pre-subscribe to different carriers for local service, intraLATA toll service, and interLATA toll service.³

Ardmore filed a IntraLATA Toll Dialing Parity Implementation Plan on April 22, 1999. The Plan included a request for modification of the effective date until May 1, 2000. Ardmore's request to delay the implementation of intralata toll dialing parity was due to the additional time required to reconfigure its network. The Directors considered Ardmore's Plan at the June 8, 1999 Authority Conference. The Directors unanimously voted to approve the request for a delay in implementation until May 1, 2000. Accordingly, the Directors ordered Ardmore to refile its Plan sixty (60) days prior to the approved implementation date of May 1, 2000.

On March 2, 2000, Ardmore filed its Plan in this docket. The Plan was amended on March 22, 2000. The amended Plan containing Ardmore's Petition for Approval is attached hereto as Exhibit A and is fully incorporated herein by this reference.

The Directors considered Ardmore's Plan at the April 11, 2000 Authority Conference and determined that the Plan, as amended, satisfies the requirements set forth in the FCC's Orders in CC Docket No. 96-98. The Plan provides for: 1) a method that enables customers to select alternate providers of telephone toll service; 2) a method which allows customers to choose different carriers for interLATA and intraLATA service; 3) customer notification/education procedures; and 4) a cost recovery method based on the incremental cost of implementing the Plan. The Directors unanimously voted to approve Ardmore's Plan as amended with the

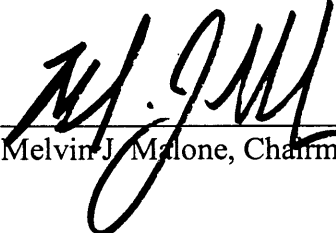
² Under 47 C.F.R. §51.213, the Federal Communication Commission requires that an IntraLATA toll dialing parity plan contain: (1) a proposal that explains how the local exchange carrier will offer intraLATA toll dialing parity for each exchange that such carrier operates in the state, in accordance with the provisions of this section, and a proposed time schedule for implementation and (2) a proposal for timely notification to its subscribers and the methods it proposes to use to enable each subscriber to affirmatively select an intraLATA toll service provider. The state commission must approve any such plan prior to implementation.

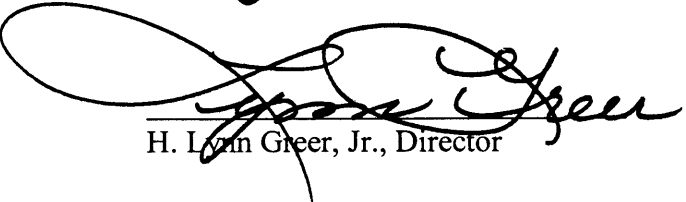
³ Pre-subscription allows the customer to place a call without dialing an access code.

additional requirement that Ardmore comply with all applicable sections of FCC Order 96-333 upon implementation of intraLATA toll dialing parity.

IT IS THEREFORE ORDERED THAT:

1. The IntraLATA Toll Dialing Parity Implementation Plan, as amended, of Ardmore Telephone Company, Inc., a copy of which is attached as Exhibit A, is hereby approved and is incorporated in this Order as if fully rewritten herein;
2. Ardmore Telephone Company, Inc. shall comply with all applicable sections of FCC Order 96-333 upon implementing intraLATA toll dialing parity; and
3. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary

BASS, BERRY & SIMS PLC

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EXECUTIVE SECRETARY

March 2, 2000

HAND DELIVERYMr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505**Re: Ardmore Telephone Company, Inc.**
IntraLATA Dialing Parity Implementation Plan
Docket No. 99-00295

Dear Mr. Waddell:

As per the Tennessee Regulatory Authority's (the "TRA"), Order of October 1, 1999, we are refileing an original and thirteen (13) copies of the IntraLATA Toll Dialing Parity Implementation Plan (the "Plan") of Ardmore Telephone Company, Inc. As directed, the Plan is being filed sixty days (60) prior to its implementation date of May 1, 2000.

If you have any questions, please do not hesitate to contact me or Mr. Terry Wales, General Manager of Ardmore Telephone Company, Inc. at (256)423-2131.

Very truly yours,



R. Dale Grimes

DRG/kl

Enclosures

cc. Mr. Joe Werner
Richard Collier, Esq.
Mr. Carsie Mundy
Mr. Terry M. Wales
Thomas J. Moorman, Esq.

REC'D TN
REGULATORY AUTH

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OFFICE OF THE
EXECUTIVE SECRETARY

**INTRALATA TOLL
DIALING PARITY
PLAN**

Ardmore Telephone Company Inc.

ARDMORE, TENNESSEE

April 22, 1999

I. Purpose

Ardmore Telephone Company, Inc. (Ardmore) has described herein the process for implementing intraLATA toll dialing parity in the Ardmore exchanges located in the state of Tennessee. The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the participating telecommunications carrier of their choice for routing their intraLATA toll calls. Ardmore will associate with the 470 LATA for the purpose of toll dialing parity.

Ardmore Telephone Company, Inc. has been advised that under the rules and regulations of the Federal Communications Commission, it is considered a LEC, and the Federal Communications Commission ("FCC") has directed that no later than April 22, 1999, all LECs must file intraLATA toll dialing parity plans with the State Regulatory Commission (in Tennessee, the Tennessee Regulatory Authority) for each state in which the LEC provides telephone exchange service if a plan has not yet been filed with such state commission. Ardmore has not heretofore filed such a plan.

Concurrently with the filing of this plan, Ardmore is filing with the Tennessee Regulatory Authority (TRA) a petition for modification (petition) of the timeframes for implementation of toll dialing parity that was prescribed by the Federal Communications Commission (FCC) as well as the FCC's "default carrier rules". The May 1, 2000 date noted herein is based on the assumption that the TRA will approve Ardmore's petition for the reasons stated therein.

II. IntraLATA Environment

Ardmore customers in Tennessee in the Ardmore area can currently dial an access code to complete intraLATA toll calls to another carrier. After implementation of the intraLATA toll dialing plan, customers will be able to subscribe to the carrier of their choice for intraLATA as well as interLATA service (two-PIC subscription capability). Customers will dial 1+ the area code and number to complete calls using their subscribed carrier. If customers wish to complete a call using a carrier other than their subscribed carrier, they will need to dial the carrier's access code.

Each end office switch will be equipped with the capability of allowing each end user subscriber to select "no-PIC" as a valid intraLATA subscription selection. Customers selecting "no-PIC" as their subscribed carrier will not be able to make intraLATA toll calls on a 1+ or 0+ dialed basis. Such customer will need to dial an access code each time he or she makes an intraLATA call.

In 1992, toll-free intraLATA county-wide calling was initiated for all Local Exchange Carriers via an order from the Tennessee Public Service Commission. BellSouth currently maintains tax-code billing tables to identify "free-county-wide" intraLATA toll calls originated by Ardmore intraLATA toll customers and to ensure that billing does not occur on these calls. Ardmore will continue to process toll-free intraLATA county-wide calls in this manner for toll customers after implementation of intraLATA toll dialing as long as technically feasible.

III. Implementation Schedule

The Company will implement toll dialing parity, subject to TRA's approval of this IntraLATA Toll Dialing Parity Plan, as outlined below:

IV. Carrier Selection Procedures (continued)

Existing Customers

Currently, the Local Exchange Carrier is the only subscribed intraLATA toll provider for existing customers in Ardmore's local exchange area. In accordance with the implementation schedule, customers may subscribe to any telecommunications carrier offering intraLATA toll service in their exchange. Customers will remain with the BellSouth until they affirmatively choose an intraLATA toll carrier. Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their choice of carriers to Ardmore directly or through their selected carriers.

Customers will be assessed a PIC change charge for changing their intraLATA carrier at a rate of \$5.00. When customers request a simultaneous change to the same carrier for their interLATA and intraLATA service, Ardmore will assess two PIC charges, one from the interstate tariff and one from the intrastate tariff.

New Installation Customers

Ardmore customer contact representatives will be provided discussion guidelines that will provide a new customer with the following information:

1. Inform the customer that a choice of intraLATA toll providers is now available to him or her.
2. Offer to read the customer a list of available carriers in randomly generated order.
3. Advise the customer that various carriers provide intraLATA toll service.

Customers who do not make a positive choice for an intraLATA toll carrier will be notified that they will not be automatically defaulted to a carrier and will be required to dial an access code to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

PIC Charge Waiver Period

Customers will be given a period of ninety (90) days within which to make one change of their preferred carrier at no cost to the customer. This waiver period will begin on the date of customer notification. The costs associated with this waiver will be recovered through the general cost recovery mechanism.

V. Customer Education/Notification

Customers will receive information explaining their opportunity to select an intraLATA carrier a minimum of 30 days in advance of the offering of intraLATA toll dialing parity via a bill message. In addition, during the 30 days following implementation of intraLATA toll dialing parity, customers will receive a bill insert also explaining their opportunity to select an intraLATA carrier. Ardmore anticipates that promotional strategies by carriers will contribute to customer awareness of intraLATA toll dialing parity. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier.

VI. Carrier Notification

Current interexchange carriers will be notified of Ardmore intraLATA toll dialing parity approval via Certified U.S. Mail two months prior to implementation. Carriers that currently participate in interLATA toll will be assumed to be participants in the intraLATA toll market. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying Ardmore.

VII. Operator Services and Directory Assistance

Access to Operator Services and Directory Assistance will continue to be available through the customer's local exchange carrier or interLATA carrier. No industry standard exists for access to Operator Services and Directory Assistance unique to intraLATA services. For Operator Services, customers dial "0" to reach their local exchange operator and "00" to reach their interLATA operator. For Directory Assistance, customers dial "1-411" for accessing the local exchange Directory Assistance and dial "1-NPA-555-1212" for accessing their interLATA carrier's Directory Assistance.

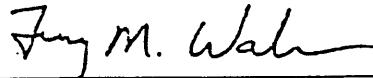
VIII. Cost Recovery

In accordance with 51.215 of FCC Order 96-333, CC Docket No. 96-98, cost recovery for the incremental cost of dialing parity, specific switch software, and necessary hardware and signaling system upgrades, and customer education costs that are strictly necessary to implement dialing parity, will be implemented in a competitively neutral manner across all providers of telephone exchange service and telephone toll service in the area served by Ardmore. Incremental costs will be recovered from all carriers through a rate element based upon originating intrastate intraLATA switched access minutes of use (MOUs) during the four (4) year cost recovery period. Attached, as Exhibit B, is a detailed explanation of the Cost Recovery methodology. An annual true-up will be conducted and reported to the TRA. Because the incremental costs associated with the provision of intraLATA dialing parity has yet to be identified fully, the attached Exhibit B is an explanation of the detailed cost methodology only. Ardmore will file for approval with the TRA, an Equal Access Impact Recovery Plan that will be developed and implemented in coordination with IntraLATA Presubscription.

IX. Statement of Compliance

Ardmore Telephone Company, Inc. will comply with all rules of the Federal Communications Commission and the Tennessee Regulatory Authority.

Executed as of the 22nd Day of April, 1999



Terry M. Wales
General Manager of the Ardmore Telephone Company, Inc.
P. O. Box 549
Ardmore. Tn. 38449
Phone: (256) 423-2131

BILL MESSAGE

"Ardmore will implement local toll 1+ subscription service on TBD. You are now able to choose a local toll provider. Your current carrier will continue to provide this service for you or you may select another carrier. You may select the same provider as your interstate long distance service provider or you may select a different provider for each service. Your first selection prior to TBD will be at no charge.

NEWSLETTER

IMPORTANT NOTICE ABOUT LOCAL TOLL SERVICE

"As of TBD, you are able to choose your provider of "1+" local toll service. This change allows you to remain with your current carrier or select a different long distance carrier for local toll calls. Please refer to the information pages in the front of your Ardmore Telephone Directory under "Long Distance-Calling Area" for a description of your local toll calling area.

If you would like to select a different carrier for your "1+" local toll service, you should contact that company. No action is necessary to keep your current provider for these local toll calls.

From TBD until TBD you will be able to change your local toll carrier one time without charge. There may be a charge for each subsequent change you make in local toll companies."

Note: TBD-To Be Determined after approval of the Tennessee Regulatory Authority in accordance With the implementation schedule in the IntraLATA Dialing Parity Plan.

TENNESSEE
METHODOLOGY FOR RECOVERY OF COSTS
ASSOCIATED WITH
IMPLEMENTATION OF INTRALATA SUBSCRIPTION
CALCULATION OF INITIAL EQUAL ACCESS RATE ELEMENT

Step 1: Identify the estimated total incremental costs directly attributable to the provisioning of IntraLATA Subscription. Incremental costs include the following items:

- a) network hardware upgrades to provide the full 2-PIC methodology in all exchanges
- b) central office software upgrades
- c) software translations
- d) system programming/testing
- e) training for Business Office, Marketing, Carrier Services, Customer Services, and Service Center personnel
- f) customer notification (bill message, newsletter and special mailing)
- g) implementation activity - administrative costs
- h) PIC change charge waiver

\$XXX

Step 2: Identify estimated total Intrastate/IntraLATA minutes of use for the 4 year recovery period.

XX,XXX,XXX

Step 3: Calculate a cost recovery rate by dividing amount in Step 1 by the Minutes of Use in Step 2.

\$0.000XXX

ANNUAL TRUE-UP OF EQUAL ACCESS RATE ELEMENT

Repeat Steps 1 through 3 and calculate an updated access rate element by dividing amount in Step 1, adjusted by the previous year/years cost recovery.



A Telecommunications Company

March 21, 2000

REC-11
CO MAR 22 PM 1 17
EXHIBIT 10-11-00

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: IntraLATA Dialing Parity Implementation Plan
Docket No. 99-00295

Dear Mr. Waddell:

Enclosed is an original and thirteen (13) copies of replacement pages for the IntraLATA Toll Dialing Parity Implementation Plan.

If you have any questions, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Terry M. Wales".

Terry M. Wales
General Manager

TMW/cm

c: Mr. Dale Grimes

I. Purpose

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III. Implementation Schedule

The Company will implement toll dialing parity, subject to TRA's approval of this IntraLATA Toll Dialing Plan, as outlined below:

TENNESSEE
METHODOLOGY FOR RECOVERY OF COSTS
ASSOCIATED WITH
IMPLEMENTATION OF INTRALATA SUBSCRIPTION
CALCULATION OF INITIAL EQUAL ACCESS RATE ELEMENT

Step 1: Identify the estimated total incremental costs directly attributable to the provisioning of IntraLATA Subscription. Incremental costs include the following items:

- a) network hardware upgrades to provide the full 2-PIC methodology in all exchanges
- b) central office software upgrades
- c) software translations
- d) system programming/testing
- e) training for Business Office, Marketing, Carrier Services, Customer Services, and Service Center personnel
- f) customer notification (bill message, newsletter and special mailing)
- g) implementation activity – administrative costs
- h) PIC change charge waiver

\$75,000

Step 2: Identify estimated total Intrastate/IntraLATA minutes of use for the 4 year recovery period.

9,504,000

Step 3: Calculate a cost recovery rate by dividing amount in Step 1 by the Minutes of Use in Step 2.

\$0.007891

ANNUAL TRUE-UP OF EQUAL ACCESS RATE ELEMENT

Repeat Steps 1 through 3 and calculate an updated access rate element by dividing amount in Step 1, adjusted by the previous year/years cost recovery.